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FIRMS CHARACTERISTICS, SUSTAINABILITY REPORTING AND VALUE OF THE FIRM (AN EMPIRICAL ANALYSIS OF PUBLIC COMPANIES LISTED IN INDONESIA)

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ABSTRACT

The objectives of this study are to analyze the influence of profitability, leverage and the type industry on sustainability reporting and the type industry on the value of the firm, to analyze the influence of company size on sustainability reporting and value of the firm, to analyze the influence of sustainability reporting on the value of the firm. The samples in this study are all the company listed in IDX that report sustainability reporting. The conclusion are: Profitability has no influence on Sustainability reporting, profitability has influence on Value of the firm, leverage has no influence on Sustainability reporting., leverage has no affect on value of the firm, high profile industry has influence on sustainability reporting, high profile industry has no influence on value of the firm, company size has influence on sustainability reporting, company size has no influence on value of the firm, sustainability reporting has no influence on value of the firm.

KEYWORDS: *Sustainability Reporting, Profitability, Leverage, Type Industry & Company Size*

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INTRODUCTION

Background

In recent years emerged the concept of sustainability reporting, which is the development of financial reporting and green reports, the Financial reports has disadvantage since it focuses on the presentation of financial information ,While other information underlying the financial information (social, environmental, governance, risk, and prospects, business continuity, etc.) are ignored in the reporting. Sustainability Report is a model corporate information to stakeholders which integrate financial reporting with social, environmental and corporate governance reporting in one report package. The company is responsible for the actions that affect the consumer, society and the environment. Internationally, there is growing concern about the social and environmental impact

This study analyzes the antecedents and consequence of sustainability reporting. The issue that arises is in recent years emerged the concept of sustainability reporting is the development of financial reporting and green reporting. Financial reporting has the disadvantage of presenting items of financial information (position and financial performance) and financial indicators. While other information such as financial information (social, environmental, governance, risk and prospects, business continuity, etc.) are ignored in the reporting (Muller, 2012). Before arising the concept of sustainability reporting, there is green reporting first, but the green reporting was limited in the report of financial reporting and the report of social responsibility that mostly expressed in the

form of separate reporting thus confusing the user, because there is less integration between financial reporting with reporting financial performance as well as the management of the company, that also reflected, in the annual report. Then, came the concept of sustainability reporting so that, researchers interested in conducting research related to sustainability reporting. Because, still new topic, so it will be interesting to analyze the effect of sustainability reporting on the value of the firm based on that phemonema.

Sustainability Reporting is useful report on the disclosure of the company that was published to the public in order to give more general information about the company to take care of the community and the environment. Although, the sustainability reports are very important, but not all the companies to publish sustainability reports yet, so this will be the research gap phenomenon is interesting, it will be the problem of the research in the factors affecting the sustainability reports and the value of the company. Related to the above issues, the writer composes this thesis with the title "**FIRMS CHARACTERISTICS, SUSTAINABILITY REPORTING AND VALUE OF THE FIRM**".

Research Questions

- Does profitability have an influence on Sustainability reporting?
- Does profitability have an influence on the value of the firm?
- Does leverage have an influence on sustainability reporting?
- Does leverage have an influence on the value of the firm?
- Does type industry have an influence on sustainability reporting?
- Does type industry have an influence on the value of the firm?
- Does company size have an influence on sustainability reporting?
- Does company size have an influence on the value of the firm?
- Does sustainability reporting have an influence on the value of the firm?

Research Objectives

- To analyze the influence of profitability on sustainability reporting.
- To analyze the influence of profitability on the value of the firm.
- To analyze the influence of leverage on sustainability reporting.
- To analyze the influence of leverage on the value of the firm.
- To analyze the influence of the type industry on sustainability reporting.
- To analyze the influence of the type industry on the value of the firm.
- To analyze the influence of company size on sustainability reporting.
- To analyze the influence of company size on the value of the firm.
- To analyze the influence of sustainability reporting, on the value of the firm.

LITERATURE REVIEW

Theoretical Review

Stakeholder Theory

To obtain an understanding why companies choose to disclose voluntary information in the form of sustainability reporting and how this information can be useful for the different actors, we use the stakeholder theory. The model aim to describe a company's environment and its influencing forces and the model can be divided into a number of stakeholders.

Sustainability Reporting

Sustainability Reporting has diverse definitions, SR mean a report containing information not only financial performance, but also non-financial information consisting of social activities and environmental information that allows companies to grow sustainable (sustainable performance). Sustainability reporting will be a major concern in non-financial reporting, Reporting contains four main categories: business landscape, strategy, competencies, and resources and performance (Falk, 2007).

Value of The Firm

The value of the firm in this study is defined as the market value; because, the value of the firm can deliver maximum shareholder wealth, if the stock price increases. The higher the stock price, the higher would be the wealth of shareholders. To achieve enterprise value, investors generally handed management to the professionals. The professionals were positioned as a manager or commissioner. Samuel (2000) explains that the enterprise value (EV) or also known as firm value (enterprise value) is an important concept for investors, because it is an indicator for assessing the company's overall market. The company is willing to pay the price that a potential buyer if the company is sold.

Company Size

Company size refers to large or small size of the firm, according to total assets. Large firms have a high level of operational cash flow; therefore, they increased their cash holdings and expected that there is impact of size of cash holdings. Although the pecking order theory stipulated that there is no optimal cash level, some of its empirical predictions are similar to those of the trade-off theory. So, it is difficult to distinguish empirically between these two theories.

Profitability

Profitability is a performance indicator in managing the wealth of the company's management indicated by the profit generated. The dependent variable used as a measure of profitability of a company in this study is Return on Assets (ROA). The formula of ROA: ROA= Net Profit/Total Assets Earnings information may be indicated as the ability to respond to the market return. In other words, earnings are reported to have a response force (power of response). Earnings reflect how much profit the company earned in a given period. Profitability is the company's ability to produce a profit that would sustain long-term and short-term growth.

Leverage

On the issue of leverage, generally higher leveraged companies are perceived to be more risky due to them having a larger proportion of fixed interest bearing capital. Thus, high leveraged firms that fail to demonstrate that they are environmentally responsible may be faced with the possibility of their position in the capital market being threatened. This is primarily because current or potential stakeholders, especially institutional investors may raise their future or current

business relationship with such firms.

Type Industry

Type industry is the classification of the company, that can be divided into two groups, that is low profile and high profile. Low profile included that companies of services, banking, securities. Meanwhile, high profile included that company of manufacturing. Roberts (1992) explains that high profile industry is an industry that has consumer visibility, the level of political risk, and a high level of competition.

Hypothesis

H1a: Profitability has a positive influence on Sustainability reporting

H1b: Profitability has a positive influence on the value of the firm.

H2a: Leverage has a negative influence on Sustainability reporting

H2b: Leverage has a negative effect on the value of the firm

H3a: Type industry has a positive influence on sustainability reporting

H3b: Type industry has a positive influence on the value of the firm

H4a: Company size has a positive influence on sustainability reporting

H4b: Company size has a positive influence on the value of the firm

H5: Sustainability reporting has a positive influence on the value of the firm

METHODOLOGY

Types of Research

The purpose of this research is to test the hypotheses and explains the relationship between independent variables toward dependent variables. The type of this research is quantitative research with the data of financial statements and annual report of the companies listed on the Indonesia Stock Exchange for a period of 2012-2015.

Population and Sample

The population of this study is all public companies listed in Indonesia Stock Exchange (IDX). The samples in this study using non probability sampling that is a purposive sampling method, which is done by taking a sample of a population based on a certain criteria. Sampling criteria are as follows.

- Public companies from the all the company that shares are listed on the Indonesia Stock Exchange (IDX) during the period 2012-2015.
- Companies that publish sustainability reporting during the period 2012-2015 in the annual report.

Variable Definition

- Dependent Variable: Value of the firm
- Intervening Variable: Sustainability reporting
- Independent Variable:

- Profitability: ROA (Return On Asset)
- Leverage: DER (Debt, Equity Ratio)
- Type Industry: Low & high profile, measured by dummy variables.
- Company Size: log. Total asset

Method of Analysis

In this study, testing was conducted with path analysis and using Smart PLS. Analytical techniques that will be used is to use SEM techniques with Smart PLS version 3.0 was used to test the influence of independent variables on the dependent variable or independent or dependent variable.

Hypothesis Testing

If Sig (p-value) < 0.05 then Ho is rejected or accepted Ha.

If Sig (p-value) > 0.05 then the Ho accepted or rejected Ha.

RESULT AND ANALYSIS

The table below shows the descriptive statistics in this research:

Table 4.1. Descriptive Statistics

Variables	N	Minimum	Maximum	Mean	Std. Deviation
ROA	81	-0,0579	0,4038	0,0821	0,0852
DER	81	0,0071	10,9755	2,3517	2,8274
Size	81	12,2511	14,9042	13,6612	0,5539
SR	81	0,1319	0,9560	0,5816	0,2518
PBV	81	0,0689	4, 6147	1,9714	1,1417

From the table 4.1., it showed that ROA has minimum -0,0579 this mean that the sample of companies in this research has proportion between earning after tax and total assets -5.79% (it means not profit but loss). Maximum value is 0,4038 this means that the proportion between earning after tax and total assets is 40,38%. Meanwhile the mean is 0.0821 this reflected that the proportion between earning after tax and total assets is 8.21% and this means that total assets of the companies can be effective in resulting earning after tax 8.21%. Standard deviation is 0.0852 showed the deviation and this value is higher than mean, so it can be said that the data in this research have variations.

For variable leverage (DER) the minimum value is 0.0071 this means the proportion between total debt and total equity in this research minimum is 0.71%. Maximum value is 10.9755 this means that the proportion between total debt and total equity in this research maximum is 10.9755. The mean of DER is 2.315668 this reflected that the proportion between total debt and total equity is 2.3157 times or in other words, total equity can effective to pay debt 2.3157 times. Standard deviation is 2.8274 higher than mean, so it can be said that the data in this research have variations.

Size has minimum value 12.2511 and maximum 14.9042, mean of size is 13.6612. This reflected that the companies in this research have means logarithm total assets 13.6612. Standard deviation is 0.5539 lower than mean, so it can be said that the data in this research have small variations.

SR (Sustainability reporting) has minimum value 0.1319 and maximum 0.9560. This means the minimum value

of sustainability reporting index disclosure in this research is 13.19% and maximum companies disclose the sustainability index 95.60%. Mean of SR is 0.5816 this reflected that the companies in this research average has disclose SR 58.16%. Standard deviation is 0.25178 is lower than mean, so it can be said that the data has small variations.

PBV has minimum value 0.0689 and maximum 4.6147, also mean is 1.9714 this reflected the proportion between the book value of assets and book value of equity in this research is 1.9714 times. Standard deviation is 1.1417 is higher than mean, so it can be said that data in this research have variations.

Table 4.2. Type Industry

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	,00	24	29,6	29,6	29,6
	1,00	57	70,4	70,4	100,0
	Total	81	100,0	100,0	

Source: Secondary data, 2017

From the table 4.2., it showed that from all 81 companies, only 24 companies included in low profile industry and 57 companies (70.4%) included in high profile industry

Table 4.3: Path Coefficient (Hypothesis testing)

No	Description	Original Sample (O)	Sampel Mean (M)	Standart Error (Steer)	T Statistics (Lo/Steer)	P Values
1	DER-> PBV	-0.044	-0.039	0.071	0.614	0.270
2	DER -> SR	0.071	0.077	0.124	0.571	0.284
3	ROA-> PBV	-0.131	-0.161	0.071	1.854	0.032
4	ROA-> SR	0.034	0.021	0.111	0.308	0.379
5	SIZE ->PBV	-0.087	-0.092	0.058	1.498	0.067
6	SIZE ->SR	-0.173	-0.158	0.077	2.241	0.013
7	SR ->PBV	0.061	0.054	0.107	0.574	0.283
8	TypeIndustry ->PBV	0.023	0.021	0.113	0.205	0.419
9	TypeIndustry ->SR	0.334	0.334	0.106	3.139	0.001

H1a: Profitability has a Positive Influence on Sustainability Reporting

First Hypothesis is the relationship between profitability and Sustainability report (SR), the p-value is 0.379 > 0.05 this mean there is no relationship between ROA and SR. So it can be said that H1a is rejected.

H1b: Profitability has a Positive Influence on the Value of the Firm.

The probability value or p-value between ROA and the value of the firm is 0.032 < 0.05 this mean there is a relationship between ROA and PBV. So it can be said that H1b is accepted.

H2a: Leverage has a Negative Influence on Sustainability Reporting

Second Hypothesis is the relationship between leverage and Sustainability report (SR), the p-value is 0.284 > 0.05 this mean there is no relationship between DER and SR. So it can be said that H2a is rejected.

H2b: Leverage has a Negative Effect on the Value of the Firm

The probability value or p-value between DER and the value of the firm is 0.270 > 0.05 this mean there is no relationship between DER and PBV. So it can be said that H2b is rejected.

H3a: Type Industry has a Positive Influence on Sustainability Reporting

Third Hypothesis is the relationship between type industry and Sustainability report (SR), the p-value is 0.001 < 0.05 this mean there is a relationship between type industry and SR. So it can be said that H3a is accepted.

H3b: Type Industry has a Positive Influence on the value of the Firm

The probability value or p-value between type industry and the value of the firm is 0.419 > 0.05 this mean there is no relationship between type industry and PBV. So it can be said that H3b is rejected.

H4a: Company Size has a Positive Influence on Sustainability Reporting

Fourth Hypothesis is the relationship between company size and Sustainability report (SR), the p-value is 0.013 < 0.05 this mean there is a relationship between company size and SR. So it can be said that H4a is accepted.

H4b: Company Size has a Positive Influence on the Value of the Firm

The probability value or p-value between company size and value of the firm is 0.067 > 0.05 this mean there is no relationship between company size and PBV. So it can be said that H4b is rejected.

H5: Sustainability Reporting has a Positive Influence on the Value of the Firm

The probability value or p-value between company sustainability reporting and the value of the firm is 0.283 < 0.05 this mean there is no relationship between company sustainability reporting and PBV. So it can be said that H5 is rejected.

DISCUSSIONS

Relationship Between Profitability and Sustainability Report (SR)

From the result of hypothesis testing using PLS program in this research, the first hypothesis is the relationship between profitability and Sustainability report (SR), and the p-value is higher than 0.05 this mean there is no relationship between ROA and SR. So it can be said that H1a is rejected. Various benefits can be learned by the company, in producing and issuing the sustainability reporting, in the shareholders' perspectives. The number of reports that published by the organizations or the companies can be increased significantly from year to year. It shows a high awareness of the importance for the company in achieving its success. From year to year Sustainability Reporting also showed rapid growth.

According to stakeholders theory, who have the power and can influence the company to work towards certain goals or implement specific practices. Freeman (1984, p. 38) uses social responsibility as an example to show how the companies' stakeholders' influence has increased in comparison to the past when they only had a limited influence on business. According to Grafström et al. (2008, p. 68), it has become increasingly important for the corporation, to identify its stakeholders, in order for the company to manage the relationship with them, and be able to work proactively with social responsibility. Nielsen & Thomsen (2011, p. 25), also explain that, the increased importance of transparency and accountability has pressured organizations, to work actively with CSR and to decide how to implement and communicate this to their stakeholders.

According to The Corporate Register (2008), the companies reporting and establishing the Sustainability Reporting in the worldwide has increased 30% during the period 1995 until 2005. There are a significant number of studies that found a positive association between sustainability reporting, corporate social responsibility and investors' perception, and effects on the company's share value because through the increase corporate social responsibility, it will be also increase sustainability reporting. Since the main aim of each business is to maximize its shareholders wealth, so increasing share value in the market, returning more on equity, and more EPS could play a vital role in order to achieve businesses' main goal. Feldman, Soyka, Ameer (1996) founded that, businesses that improve their environmental management system

and their future environmental performance, will be able to increase their shareholders wealth, perhaps five percent. Konar and Cohen (2001) cited that, there is an association between reduction in toxic emission releases and greater firm value. His findings also supported by stakeholder theory, that stated the party who has the power and can influence the company to work towards certain goals or implement specific practices. Freeman (1984, p. 38) uses social responsibility as an example to show how the companies' stakeholders' influence has increased in comparison to the past when they only had a limited influence on business.

ROA has minimum -0,0579 this mean that the sample of companies in this research has proportion between earning after tax and total assets -5.79% (it means not profit but loss). Maximum value is 0,4038 this means that the proportion between earning after tax and total assets is 40,38%. Meanwhile the mean is 0.0821 this reflected that the proportion between earning after tax and total assets is 8.21% and this means that total assets of the companies can be effective in resulting earning after tax 8.21%. So because the mean so low, this make hypothesis rejected

Relationship Between ROA and Value of the Firm

From the result of hypothesis 1b, the probability value or p-value between ROA and the value of the firm is lower than 0.05 this mean there is a relationship between ROA and PBV. So it can be said that H1b is accepted. The better growth, profitability means that the company's prospects in the future will assess better as well, means the better the value of the company in the eyes of investors. If the ability company to generate profit increases, the stock price will also be increased. Price reflecting rising stocks the value of the company is good for investors. The value of shareholders will increase if the value of the company characterized by increased levels high return on investment to shareholders.

PBV has minimum value 1.0002 and maximum 2.4386, also mean is 1.0571 this reflected the proportion between the book value of assets and book value of equity in this research is 1.0571 times. The higher ROA will affect the higher PBV. According to stakeholder theory, that stated a theory of organizational management and business ethics that addresses morals and values in managing an organization. It was originally detailed by Ian Mitroff in his book "Stakeholders of the Organizational Mind, published in 1983 in San Francisco. Freeman had an article on Stakeholder theory in the California Management Review in late 1983, but makes no reference to Mitroff's work, attributing the development of the concept to internal discussion at the Stanford Research Institute. He followed this article with a book Strategic Management: A Stakeholder Approach. This book identifies and models the groups which are stakeholders of a corporation, and both describe and recommends methods by which management can give due regard to the interests of those groups. In short, it attempts to address the "principle of who or what really counts". The stakeholder view of strategy integrates both a resource-based view and a market-based view, and adds a socio-political level. One common version of stakeholder theory seeks to define the specific stakeholders of a company (the normative theory of stakeholder identification) and then examine the conditions under which managers treat these parties as stakeholders (the descriptive theory of stakeholder salience.

So the better profitability of a company reflects the better contribution to stakeholders and will increase the value of the firm. This finding also consistent with previous studies done by Husna (2012) and Chek et al (2013).

Relationship Between Leverage and Sustainability Report (SR)

The second hypothesis is the relationship between leverage and Sustainability report (SR), and the p-value is higher than 0.05 this mean there is no relationship between DER and SR. So it can be said that H2a is rejected. These

findings also not supported by stakeholder theory that explained about the theory related to the welfare of stakeholders in a company and the management perspectives how to make good strategies to the shareholders perspective as well as leverage policies also in the companies.

Leverage (DER) the minimum value is 0.0071 this means the proportion between total debt and total equity in this research minimum is 0.71%. Maximum value is 10.9755 this means that the proportion between total debt and total equity in this research maximum is 10.9755. The mean of DER is 2.3157 this reflected that the proportion between total debt and total equity is 2.3157 times or in other words, total equity can effective to pay debt 2.3157 times. Because the low mean of DER so DER not affecting significantly on Sustainability reporting and make hypothesis rejected.

Leverage is a tool to measure how large companies depending on the lender to finance the company's assets. Businesses have a high degree of leverage means is highly dependent on loans outside to finance its assets. While companies that have a level low leverage more finance its assets with its own capital. Thus, the level of leverage of the company, describe the financial risk to the company. Leverage is a condition that occurs when a company has fixed costs that must be borne. A company with high leverage means the bad news because leverage is not good, so the high leverage will make the investors not interesting to the company performance and this will affect the lower sustainability reporting. Based on the result, it says that there is no relationship between leverage and Sustainability reporting. These findings also not consistent with previous studies done by Batsman and Geiser (2013).

Relationship Between DER and Value of the Firm

The probability value or p-value between DER and the value of the firm is higher than 0.05 this mean there is no relationship between DER and PBV. So it can be said that H2b is rejected. The reason to reject this hypothesis because the mean of DER low so DER not significantly affecting the value of the firm.

This findings not supported by stakeholder theory, a central premise of much of the literature on stakeholder theory is that focusing on stakeholders, specifically treating them well and managing for their interests, helps a firm create value along a number of dimensions and is therefore good for firm performance (e.g., Donaldson & Preston, 1995; Freeman, 1984; 1994; Freeman, Harrison and Wicks, 2007; Harrison, Bosse & Phillips, 2010; Jones, 1995; Jones & Wicks, 1999). So the lower leverage it reflects the stakeholder awareness high and will increase the value of the firm. These findings also not supported by previous study done by Rayan (2008).

Between Type Industry and Sustainability Report (SR)

The third hypothesis is the relationship between type industry and Sustainability report (SR) and the p-value is lower than 0.05 this mean there is a relationship between type industry and SR. So it can be said that H3a is accepted. This also supported by stakeholder theory, that stated there is the relationship between the social responsibility activities of a business organization highlighted that the stakeholders have the ability to influence the corporate decisions and the business strategies. CSR could be simply described as the policies or actions that will reflect a company's interest in the social related issues. This also reflected that CSRD from the company related to the high profile and low profile industries. The company that include high profile company such as manufacturing industry have to be more clear and have more disclose their activities in producing goods, so the investor and the public can know the development of their disclosure.

Meanwhile, the company that classified in a low profile industry, has no sustainability reporting as complete as the company in a high profile industry because their activities such as banking, financial institution not need to reveal more

caring in the environment. This finding also supported by previous research done by Check et al (2013).

Relationship Between Type Industry and Value of the Firm

The probability value or p-value between type industry and the value of the firm is higher than 0.05 this mean there is no relationship between type industry and PBV. So it can be said that H3b is rejected. This not supported by stakeholder theory that stated there is the relationship between the social responsibility activities of a business organization highlighted that the stakeholders have the ability to influence the corporate decisions and the business strategies. CSR could be simply described as the policies or actions that will reflect a company's interest in the social related issues. This also reflected that CSR from the company related to the high profile and low profile industries. The company that include high profile company such as manufacturing industry have to be more clear and have more disclose their activities in producing goods, so the investor and the public can know the development of their disclosure and this is the good news for the investors and will increase the value of the firm

Relationship Between Company Size and Sustainability Report (SR)

Fourth Hypothesis is the relationship between company size and Sustainability report (SR), the p-value is 0.013 < 0.05 this mean there is a relationship between company size and SR. So it can be said that H4a is accepted. Size has minimum value 12.2511 and maximum 14.9042, mean of size is 13.6612. This reflected that the companies in this research have means logarithm total assets 13.6612. The higher size of a company will reflecting the higher sustainability reporting. Along with the development of the business environment that is increasingly considering the reputation of the company, the achievement of social and environmental performance as one of the achievements of management will be a special consideration for the external parties, especially the investors.

If a company has big size this indicates that the company has a good performance, also higher asset company owned, so this might impact the higher sustainability reporting. The company size will measured by total asset that reflected the total asset that company owned so the total asset more higher this is the good news for investor and according to the stakeholder theory, this will lead to the highest sustainability reporting. So it can be said that company size can affect sustainability reporting. This findings consistent with previous studies, done by Gasior et al (2013).

Relationship Between Company Size and Value of the Firm

The probability value or p-value between company size and value of the firm is higher than 0.05 this mean there is no relationship between company size and PBV. So it can be said that H4b is rejected. The reason to reject the hypothesis is because the investors did not pay attention to the soze of company small or big company from total asset, and this is not affecting the value of the firm, they will see the profitability that affects the value of the firm. This is not supported by stakeholder theory that in line with the development of the business environment that is increasingly considering the reputation of the company, the achievement of social and environmental performance as one of the achievements of management will be a special consideration for the external parties, especially the investors.

If a company has big size this indicates that the company has a good performance, also higher asset company owned, so this might impact the higher sustainability reporting and this will lead into the higher value of the firm. The company size will measured by total asset that reflected the total asset that company owned so the total asset more higher this is the good news for investor and according to the signaling theory, this will lead to the higher value of the firm. So it can be said that company size can affect the value of the firm and these findings not also consistent with previous studies

done by Ioannou and Serafeim (2016).

Between Sustainability Reporting and Value of the Firm

Fifth hypothesis is the relationship between sustainability reporting and value of the firm is 0.283 > 0.05 this mean there is no relationship between sustainability reporting. So it can be said that H5 is rejected. So the higher sustainability reporting, it will not affect the value of the firm. This findings not also consistent with previous studies done by Chek et al (2013).

This also not supported by stakeholder theory. Financial performance is important to many of a firm's stakeholders, but it is not the only aspect of value that is important to stakeholders. Consistent with Freeman's (1984) fundamental idea that a firm should serve multiple stakeholders, firm performance might be defined as the total value created by the firm through its activities, which is the sum of the utility created for each of a firm's legitimate stakeholders. Phillips (2003) identifies a firm's legitimate (or normative) stakeholders as those groups to whom the firm owes an obligation based on their participation in the cooperative scheme that constitutes the organization and makes it a going concern

CONCLUSIONS

Based on the result and analysis, so the conclusion that can be drawn from this research are:

- Profitability has no influence on Sustainability reporting. These findings also not consistent with stakeholder theory and previous study done by Husna (2012).
- Profitability has an influence on the value of the firm. So the higher profitability reflected the better performance and this will affect the higher value of the firm. This finding also consistent with stakeholder theory and previous study done by Chek et al (2013).
- Leverage has no influence on Sustainability reporting. These findings also not consistent with stakeholder theory and previous study done by Batsman and Geiser (2013).
- Leverage has no effect on the value of the firm. These findings also not supported by stakeholder theory and by previous study done by Rayan (2008).
- High profile industry has an influence on sustainability reporting. So the company that includes high profile industry has more higher sustainability reporting rather than low profile industry. This findings consistent with stakeholder theory and previous study, done by Gasior (2013).
- High profile industry has no influence on the value of the firm. So, the company included in a high profile industry, will not have higher values of firmer rather than low profile industry. These findings also are not consistent with stakeholder theory and previous study done by Gasior (2013).
- Company size has an influence on sustainability reporting. So the higher company size, will affecting the higher sustainability reporting. These findings also consistent with stakeholder theory and previous study done by Ioannou and Serafeim (2016).
- Company size has no influence on the value of the firm. So, the higher company size, will not affecting the higher value of the firm. These findings also not consistent with stakeholder theory and previous study done by Ioannou

and Serafeim (2016).

- Sustainability reporting has no influence on the value of the firm. So the higher sustainability reporting will not affect the higher value of the firm. These findings also not consistent with stakeholder theory and previous study done by Chek et al (2013).

Practical Implication

This study has practical implication that are for the investor and issuers can realised factors affecting the sustainability reporting and the value of the firm, such as profitability, leverage, type industry and company size. Also make broarded and deep understanding about the relationship between sustainability reporting and value of the firm.

Theoretical Implication

This study makes more contribution about the antecedent and consequences of sustainability reporting, especially in the relationship between sustainability reporting and the value of the firm, with comprehensive framework based on stakeholder theory.

LIMITATION

This research has some limitation such as only use the period of 4 years and only done the in the Indonesia capital market, so the result may be different in another country

Suggestions

Based on the result of this study, the suggestions of this research are:

- For listed companies should increase the value of the company so as to attract investors to invest in their company, and corporate issuers should also able to increase profitability so that the company's performance finances to be good in the eyes of investors. Also make lower leverage.
- For investors, in giving an assessment of an enterprise should also consider factors, another affect the value of the firms, such as activity ratio, growth, the uniqueness of the company, the value of assets, tax savings, exchange rate fluctuations and the state of the capital markets.

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